





## A Dilemma for Carter

## Mexico, Guatemala Seek U.S. Jets

By John M. Goshko and Marise Simons

WASHINGTON, Jan. 31 (WP).—The moves that pose serious problems for President Carter's attempt to curtail international arms traffic, Mexico and Guatemala are seeking to buy U.S. F-5 fighters worth a total of \$183 million.

The secret requests involve the desire to purchase 26 of the superjet fighters at a cost of roughly \$150 million and a separate, but parallel, bid by Guatemala for six F-5s worth \$30 million.

The Mexican request is regarded as especially sensitive matter by U.S. administration officials because Washington's ultimate decision on the jet sales could seriously damage some high-priority U.S. foreign objectives. The impact of the military aircraft requests is the subject of a debate within the U.S. national security community.

Selling the planes to Mexico, some governmental critics point out, would run directly counter to the President's announced objective of setting an example for other arms-producing nations by reducing U.S. foreign military sales, particularly in Third World countries.

The Defense Department now estimates that arms sales and grants will rise from \$11.2 billion in fiscal 1977 to \$12.2 billion in fiscal 1978.

The sale also would trigger attacks from liberal U.S. and Mexican critics, who would view it as a spur to Latin American militarism and a strategically unnecessary extravagance that the financially hard-pressed Mexican government cannot afford.

On the other side, however, U.S. officials fear that rejecting the bid would offend the Mexican government and jeopardize the special relationship that Mr. Carter has worked hard to establish with President Jose Lopez Portillo.

In this view, turning down the Mexicans could cause an estrangement that would adversely affect U.S. efforts to enlist Mexico's cooperation in such sensitive areas as resolving the illegal immigration problem, obtaining greatly increased supplies of Mexican natural gas and crude oil and combating the flow of heroin across the border.

## Guatemalan Request

Although much smaller, also has tactical implications, particularly concerning Guatemala's claim to sovereignty over neighboring Belize. It is feared in Central America and the Caribbean that any weapons that Guatemala obtains might be used to try to annex Belize territory.

In addition, although Guatemala's President, Gen. Kjell Laugerud Garcia, was constitutionally elected, the country is dominated by the armed forces, which frequently have been accused of political and social repression. That raises a conflict with the Carter administration's policy of generally denying arms assistance to countries with human-rights problems.

According to sources, a question also mystifying U.S. officials is why Mexico has asked for the F-5s at this time. In contrast to most Latin American countries, Mexico has not spent much on its armed forces in recent years, and President Lopez Portillo has been struggling desperately to resolve a number of pressing financial problems that have plagued Mexico for more than a year.

Some U.S. officials, the sources said, have speculated that the Mexican military, after decades of quiescence and submission to civilian authority, may be getting restive and that Mr. Lopez Portillo regards modernization of the outdated Mexican Air Force as a pacifying gesture.



Judge William Webster testifying to panel

currently account for about 4 percent of the bureau's 8,400 agents, and of women, who number less than 1 per cent.

Noting that no effort had been made in this direction until the early 1970s, Judge Webster said that there had been some increase in minority agents, but not enough. He said he would consider bringing in blacks and other minorities at higher than entry-level positions if it were necessary.

© Los Angeles Times

## Chief-Designate of FBI Says He Has No Racial Prejudice

By Ronald J. Ostrow

WASHINGTON, Jan. 31.—FBI director-designate William Webster yesterday told a Senate committee questioning his membership in four clubs which have no blacks that he was "as color blind as any man in this room."

Mr. Webster, a federal judge, said at the first day of his Senate Judiciary Committee confirmation hearings that he had no plans to resign his membership in the clubs, even as a "symbolic gesture."

"It is not proper for me to belong as [FBI] director, it would not be proper for me to belong as a federal judge," said Mr. Webster, a member of the U.S. Appeals Court in St. Louis.

Judge Webster took a different position from that of Attorney General Griffin Bell, who resigned from two Atlanta clubs that exclude blacks and Jews after he was nominated to the Justice Department post by President Carter.

Sen. Edward Kennedy, D-Mass., said Mr. Webster's four clubs are the St. Louis Country Club, the University Club, the Noonday Club, and the Villeda Club. "They are in effect, if not by name, white only."

Judge Webster, noting that he had always been aware that the clubs had no blacks, said he had asked from within to open the organizations, sponsoring resolutions at the University Club and a Noonday Club to provide for race, religion and national origin were not to be considered membership factors.

Mr. Webster said that "chances for economic reasons" he will resign his membership in the clubs, but he added: "I don't want to pretend it's symbolic of anything."

Stating that he would quit the clubs if he found any "positive evidence of discrimination," Judge Webster told Sen. Kennedy: "Here I am, for better or worse, you've made me very aware of the potential problem."

The question of club membership was the only matter approaching controversy at the ailing hearing, in which Judge Webster seemed relaxed as he headed his way between warring questions directed at him by conservatives and liberals on the committee.

Mr. Webster pledged that he would work to increase the FBI's employment of black, Chinese, Indian and Asian agents, who are currently at very low levels.

The women, who had been handing the Lord's Prayer, scattered as the first canister exploded shortly after noon on the roof of the building in a residential suburb.

A number of women were given first aid by Red Cross volunteers. The demonstrators were taken to a hospital in a Red Cross ambulance.

Several jeeps of guardsmen lined up at the entrance of a crowd that gathered soon afterward. But they ignored foreign news cameras, including television crews. The National Guard is Nicaragua's army.

The clash occurred on the eighth day of a nationwide strike called to back demands for a full salary increase for the 10,000 federal employees. The strike is the first since 1974, when a similar strike by the National Guard was broken by the army.

## Greek EEC Bid Backed by Bonn

BONN, Jan. 31 (Reuters).—West Germany has promised to support Greece in its bid to become the 10th member of the European Economic Community by the end of next year, Greek Prime Minister Constantinos Karamanlis said today.

Mr. Karamanlis said after four days of talks with West German Chancellor Helmut Schmidt: "The West German government is in favor of speeding up the entry negotiations."

Mr. Schmidt said that he hoped that negotiations for Greece's entry into the EEC could be concluded under West German chairmanship of the European Council of Ministers by the end of this year.

## Federal Power Windmill Is Turned On in U.S.

By John M. Crewdson

CLAYTON, N.M., Jan. 31 (NYT).—Mayor Don Reif stood on the barren plain at the edge of this tiny cattle town, which must be one of the breeziest places on earth, and said that it looked as though the chill wind was finally going to blow Clayton some good.

About 10 yards away was the source of his optimism. A new, 100-foot tower resembling an oil derrick, painted blue to match the clear prairie sky. It all blows well, the machine it supports may transform the incessant winds that roll off the Rocky Mountains from something of an annoyance into a natural asset.

The officials from the Department of Energy and the National Aeronautics and Space Administration who have gathered here for its formal dedication referred to the machine as a 300-kilowatt, wind-powered turbine, electric generator.

But it is really just a fancy million-dollar windmill and, with the push of a big red button at the climax of Sunday's ceremony, it became the first wind generator in the country to begin supplying electricity to a commercial utility on a regular basis.

When the wind is blowing briskly, which everyone here agrees is most of the time, the windmill can provide enough power for the heating and lighting needs of one-sixth of Clayton's 3,000 or so residents, many of them small-scale cattle ranchers.

The wind generator is connected directly to the local electric grid, and when it is operating it automatically sets off a reduction in the amount of electricity produced by conventional means. It seems certain, barring mechanical failure, that electricity bills to Clayton will go down, although nobody is predicting how much.

Partly because of its average 17-mile-an-hour wind, until now seen as having few redeeming features, Clayton was selected from 65 communities as the site for the federal government's first on-line wind generation experiment.

If the Clayton experiment is successful, the federal government intends to install two similar 300-kilowatt generators later this year at sites in Puerto Rico and Rhode Island and a far larger machine near Boone, N.C., that can produce 10 times as much electricity—enough for 5,000 homes.

U.S. Denies Plan  
WASHINGTON, Jan. 31 (Reuters).—The State Department yesterday brushed aside new Ethiopian allegations that the United States was coordinating a plan to put the Horn of Africa under the control of anti-Ethiopian forces.

"That is obviously not the case," the department's deputy spokesman, John Trautman, said. "Our aim is a settlement of the war and not to interfere in the internal affairs of either Ethiopia or Somalia."

## Ethiopian Charge Of 'Plot' Denied By Washington

LONDON, Jan. 31 (Reuters).—Ethiopia's President, Lt. Col. Mengistu Haile-Marjam, yesterday accused President Carter of coordinating an international plot to build up Somalia's arms and put the Horn of Africa "under anti-Ethiopian forces."

In a broadcast over Addis Ababa radio monitored here, Col. Mengistu said plans had been drawn up to "assist Somalia's armed and unjust invasion" of Ethiopian territory.

If the invasion failed, he said, "Iranian forces will directly intervene and fight alongside Somali forces." Col. Mengistu listed countries involved in the alleged plot as the United States, Iran, Saudi Arabia, Kuwait, West Germany and Egypt.

U.S. Denies Plan  
WASHINGTON, Jan. 31 (Reuters).—The State Department yesterday brushed aside new Ethiopian allegations that the United States was coordinating a plan to put the Horn of Africa under the control of anti-Ethiopian forces.

"That is obviously not the case," the department's deputy spokesman, John Trautman, said. "Our aim is a settlement of the war and not to interfere in the internal affairs of either Ethiopia or Somalia."

U.S. Denies Plan  
WASHINGTON, Jan. 31 (Reuters).—The State Department yesterday brushed aside new Ethiopian allegations that the United States was coordinating a plan to put the Horn of Africa under the control of anti-Ethiopian forces.

"That is obviously not the case," the department's deputy spokesman, John Trautman, said. "Our aim is a settlement of the war and not to interfere in the internal affairs of either Ethiopia or Somalia."

U.S. Denies Plan  
WASHINGTON, Jan. 31 (Reuters).—The State Department yesterday brushed aside new Ethiopian allegations that the United States was coordinating a plan to put the Horn of Africa under the control of anti-Ethiopian forces.



ATLANTA FIRE—The famous Loew's Grand Theater in Atlanta, in which "Gone With the Wind" premiered in 1939, was severely damaged by fire Monday. At least 10 firemen were injured battling the blaze in the seven-story building. The theater, closed since June because of declining business, was built in 1893.

Judges' Powers Curtailed  
Senate Votes to Revise U.S. Criminal Code

By William Claiborne

WASHINGTON, Jan. 31 (WP).—The Senate last night approved the Federal Criminal Code, a sweeping revision of laws enacted by Congress during the last 200 years.

The 72-to-15 vote followed eight days of debate on scores of amendments either to strengthen civil liberties protection or to make criminal laws tougher.

The bill, which Sen. Edward Kennedy, D-Mass., said will bring "sense and order" to existing law, would restrict the broad discretionary powers that federal judges have in sentencing criminals.

Because criminal law in the United States is primarily a state responsibility, however, most law enforcement will not be affected. But the bill's supporters pointed out that state legislatures traditionally follow the lead of federal statutes, and the Senate's new code is regarded as an invitation for state reform.

Rehabilitation Questioned  
The bill questions the concept of institutional rehabilitation of criminals, a philosophy that ostensibly has been accepted in U.S. prisons since the turn of the century. The new code, if adopted in the House and signed into law, will mandate a new

federal sentencing commission that would write sentencing guidelines for various felonies and misdemeanors.

The maximum term for a crime could not exceed the minimum by more than 25 per cent, and judges would be expected to follow the measures or justify their departures in writing. If sentence exceeded the guidelines, the defendant could appeal. If it were less than the minimum, the prosecution could appeal.

While not dismissing rehabilitation, the bill clearly subjugates it to other sentencing purposes—deterrence, protection of the public and punishment. Parole eligibility would be eliminated unless requested by the judge.

The American Civil Liberties Union condemned the bill as "a dangerous piece of legislation," and urged the House to reject it. John Shaubach, director of the ACLU's Washington office, said, "The rights of Americans must not be whittled away by Congress."

## U.S. Court Bars Plea on Oil Drilling

BOSTON, Jan. 31 (AP).—The U.S. government and 11 oil firms last night lost an appeal to a court to let them go ahead today with the sale of offshore New England oil-drilling leases thought to be worth millions of dollars.

The U.S. Appeals Court here rejected an appeal against an injunction issued earlier yesterday by U.S. District Judge Arthur Garrity, who temporarily stayed the leases' auction scheduled to be held in New York today.

Irreparable damage could be done by oil-field exploration in the fishing grounds of the Georges Bank off the coast of New England.

The Interior Department said in Washington that it would not attempt to carry the case to the U.S. Supreme Court.

In upholding Judge Garrity's stay, U.S. Appeals Court Judge Levin Campbell said: "While direct harm from exploration seems unlikely to occur within the next several months, it could occur within a year, and permitting the acceptance of bids now could have irreparable consequences in other respects."

U.S. Denies Plan  
WASHINGTON, Jan. 31 (Reuters).—The State Department yesterday brushed aside new Ethiopian allegations that the United States was coordinating a plan to put the Horn of Africa under the control of anti-Ethiopian forces.

"That is obviously not the case," the department's deputy spokesman, John Trautman, said. "Our aim is a settlement of the war and not to interfere in the internal affairs of either Ethiopia or Somalia."

U.S. Denies Plan  
WASHINGTON, Jan. 31 (Reuters).—The State Department yesterday brushed aside new Ethiopian allegations that the United States was coordinating a plan to put the Horn of Africa under the control of anti-Ethiopian forces.

"That is obviously not the case," the department's deputy spokesman, John Trautman, said. "Our aim is a settlement of the war and not to interfere in the internal affairs of either Ethiopia or Somalia."

U.S. Denies Plan  
WASHINGTON, Jan. 31 (Reuters).—The State Department yesterday brushed aside new Ethiopian allegations that the United States was coordinating a plan to put the Horn of Africa under the control of anti-Ethiopian forces.

## Over U.S., British Guns

## Army Chooses German Gun For Future Advanced Tank

WASHINGTON, Jan. 31 (AP).—The U.S. Army chose a German 120-mm gun to equip an advanced tank designed to be used in the next decade.

Army Secretary Clifford Alexander Jr. announced at a news conference that the German gun was chosen over a competing U.S. 105-mm and a British 120-mm because it showed "better penetrating power" and was more advanced than the others.

The selection was made after firing tests conducted by the U.S. Army. Gen. Walter Kerwin, Army vice-chief of staff, said: "I can assure you this was a decision of the uniformed... army."

There have been reports that senior Pentagon officials chose the German gun over the objections of Army generals who reportedly favored the present U.S. 105-mm weapon.

## Airborne Warning Fleet

It was reported that the decision on the gun question would determine whether the West Germans would help finance a costly new airborne warning and control aircraft fleet for NATO.

Asked if there was any link between the two issues, Mr. Alexander said, "there was no discussion" along these lines.

Although nothing was said about it at the news conference, a snag over the question of U.S. production of the gun was resolved before the announcement was made.

Army sources have said that the Germans at first balked at allowing the gun to be manufactured in the United States.

However, negotiations last week resolved this issue and Mr. Alexander said that an American version of the weapon will be made at the Army's Watervliet Arsenal, near Albany, N.Y.

Royalties will be paid to Rhein Metall, the German firm that developed the gun for the West German Army, which plans to install it in the Leopard II tank.

Mr. Alexander indicated that adoption of the German gun will add nearly \$53 million to the projected \$4.8-billion cost of producing 3,212 of the new XM-1 tanks for the U.S. Army.

Improved Ammunition  
The first 1,000 to 1,500 XM-1 tanks, which will start being produced in sizable numbers in 1980, will be equipped with the present 105-mm gun firing improved ammunition, Army officials said.

The new gun will be available by 1984 and will be installed in the remainder of the XM-1 tanks, which are expected to be the

principal U.S. armored weapons for the rest of this century.

Mr. Alexander indicated that ultimately, the Army hopes to buy as many as 7,000 XM-1 tanks.

He said that the present 105-mm gun, which was designed in Britain, "is more than adequate to meet the present threat" from Soviet armor. But he added that the 120-mm gun will be installed in later U.S. tanks in anticipation of further advances in Soviet tank armor. He called this a "prudent" step.

## Strasbourg Eyes 'European' Area

STRASBOURG, Jan. 31 (Reuters).—Strasbourg is to build a new "European district" in a bid to tempt the European Parliament to set up its headquarters here.

Mayor Pierre Pflimlin announced last night that offices, homes and meeting rooms would be built for civil servants.

The European Parliament currently divides its sessions between Strasbourg and Luxembourg, where it has its permanent secretariat. Luxembourg wants all meetings to be held there after next year's scheduled direct elections.

the DIAMOND for you

Now you have the opportunity to buy quality diamonds and diamond jewelry for investment, gifts or personal use at just a fraction of the cost. Contact us for full information or visit us.

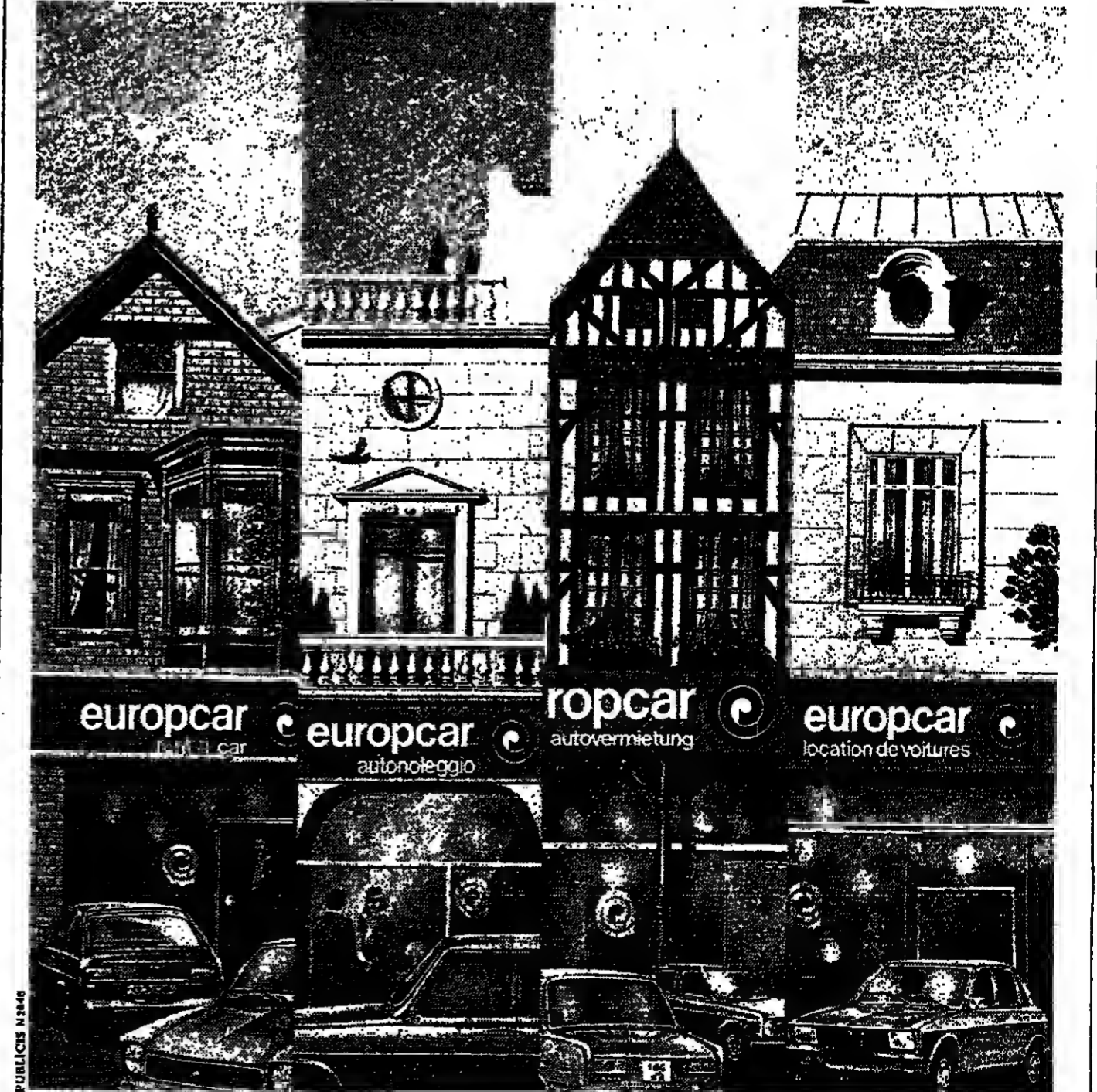
INTERNATIONAL DIAMOND SALES

HEAD OFFICE: DIAMOND BOURSE 51 HOVENIERSSTRAAT 2800 ANTWERP - BELGIUM Tel. (031) 31 53 05 Telex 35395 INDISA B

LONDON SHOWROOM: THE SAVOY HOTEL THE STRAND LONDON WC2R 0BP Tel. (01) 836 0000

ALL DIAMONDS GUARANTEED BY CERTIFICATE

## In Europe, rent Europcar



When it comes to renting a car in Europe, you can trust Europcar. After all, this is our home ground. There are hundreds of Europcar rental stations all over the continent - including Britain - in Africa and the Middle East.

Of course, Europcar is as efficient as the other major car rental companies (actually, our Super Service credit card is the simplest and the quickest). Our models are just as new. But, in addition, you will find that both our cars and our customers are looked after with a kind of attention that is distinctively European. Small details? Maybe. But they helped Europcar become one of the largest systems in today's world of car rental.

In the U.S., Latin America and the Pacific, it's National Car Rental.

europcar

DIRECT 40 A 990313 1270 SULLIVAN PETER

51 EATON TERRACE LONDON SW1 1UR 170142 US NEW-YORK 434614890061-040850 US N-Y

Reservation: 225 99 06

IRAN AIR

Only Sud

PARIS NEW-YORK.

BOEING 747 SP: Monday - Friday 0600am

Madras Port Strike

MADRAS, India, Jan. 31 (Reuters).—About 1,500 port and dock workers here went on strike today.

WE ARE LOOKING FOR a Mineral Waters DISTRIBUTOR for England and Middle East.

CH-301 RANDOMNE, Switzerland.

## Soviet Writer Says 'Illusion' Is Finally Over

By Craig R. Whitney.

MOSCOW, Jan. 31 (NYT).—Georg Vladimov has lived and written for most of the last two decades in the hope that Soviet society could be liberalized from within. What finally made him give up hope was a central fact of a writer's life here—the unrelenting censorship. Now he has broken with the "official" world, he says, just to be free "to say what I want to say."

His disillusionment peaked in October, when he withdrew from the Soviet Writers Union because it had kept him from an invitation to go to West Germany to publish his works. He was so angry that he agreed to a request by his friend Valentin Turchin to succeed him as chairman of the unofficial Amnesty International civil rights group here, clearly without knowing what was involved.

"The telephone rang 47 times

over New Year's Day," his wife, Natascha, complained, "and he hardly has time to write." Now the police have begun watching him, asking why he has no job and following dissident visitors to his apartment in Moscow.

Mr. Vladimov's journey from "official" writer to dissident involves central issues in Soviet society—the continuing influence of Stalinism and the conflicting impulses toward greater freedom and toward rigid orthodoxy.

"I hoped so long that this society would become more open," he said, "but they have destroyed this illusion for me." Now 46, he says he wants to continue to live and work in the Soviet Union—but in a sort of inner emigration.

The loss of Mr. Vladimov is clearly a painful one for the Soviet cultural establishment. His work has concentrated on themes from the lives of ordinary workers, and at times the authorities have forgiven him for his protests of censorship. Two years ago the official Literary Gazette published a long interview with him just after the publication of "Three Minutes of Silence," a novel that had been held up for seven years as punishment for outspokenness.

"It was just before the 25th Communist Party Congress in 1976," he recalled. "The editor of Literary Gazette told me that there was going to be a break with the past, a new opening and that they wanted me to come back to return to Soviet literature and support the new opening."

Which of the Soviet leaders was behind the move was not revealed, but Mr. Vladimov says the editor told him in early 1976 that the Soviet Communist party leader, Leonid Brezhnev, would address the issue in his speech at the party congress that spring and needed support from intellectuals.

"No Opening." "What happened, we don't know," Mr. Vladimov said. "But there was no opening. Brezhnev didn't mention it in his speech, and nothing changed."

Censorship is so powerful in the Soviet Union today, Mr. Vladimov believes, that every writer unconsciously censors himself. It was when he stopped listening to that "inner censor" that he wrote what has become an underground classic here—a novella published abroad in 1976 as "The Faithful Russian."

It is a chilling tale told from the viewpoint of a guard dog in one of Stalin's prison camps who is turned loose with the rest of the pack when the camp is closed after the dictator's death.

Many Soviet readers of the underground version, which circulated without the author's name, thought they detected the hand of Alexander Solzhenitsyn. Later, they asked themselves how and why a man who had never served time in the prison camps had written it.

The answer is that the camps and Stalin's terror are still in the background of every Russian's life.

Mother Arrested Mr. Vladimov's mother, a professor of literature, was arrested on political charges in 1953, while he was a law student. She was sentenced to 10 years in a prison camp on the outskirts of Leningrad. Mr. Vladimov remembered the dogs from his visits there.

Because of her imprisonment, she was released a year after Stalin's death in 1954—he was unable to practice law, so he made a living for a few years as a hauler, a ditchdigger and a looksmith before becoming a critic and writer in 1964.

"But already then, at the age of 23," he says, "I realized there were some things—such as the camps—that could not be discussed."

There was a glimmer of change after Khrushchev's de-Stalinization speech in 1956, when Mr. Vladimov was working with the editor and poet Alexander Tvardovsky at the journal Novy Mir.

"Tvardovsky did all he could, but he wasn't God," Mr. Vladimov says now. "The censors were in every publishing house and journal."

Manuscripts Held "They'd just keep things if they didn't like them," he said. "They wouldn't reject them, just hold onto them for months and months, while the magazine's publishing deadlines passed."

He spoke out against this in a letter published in May, 1967. Mr. Vladimov's novel, "Three Minutes of Silence," was published in Novy Mir in 1969 but "only through an oversight," as Pyotr Demichev, now the minister of culture, later said.

It was not until after the cultural establishment tried to get him to return to Soviet literature in 1976 that the novel came out in hard cover, pessimistically depicting Soviet seamen aboard a trawler as a selfish, carousing, beaten-down crew without hope.

"It was an alarm about the way we live in this society," his author says.

He made the final break in October, when the writers' union kept him from going to Frankfurt to publish "The Faithful Russian." He sent back his membership card with a letter cataloging the great writers forbidden to publish in the Soviet Union and concluding: "I conclude you from my life in the name of all those whom you have excluded and officially condemn to destruction and oblivion. Leave me out."



Soviet President Leonid Brezhnev (center) with Polish Premier Piotr Jaroszewicz (left) and Soviet Premier Alexei Kosygin yesterday before a meeting in the Kremlin. Mr. Brezhnev had not been seen in public for 26 days.

## Brezhnev Makes Appearance for First Time Since Jan. 5

MOSCOW, Jan. 31 (Reuters).—Soviet leader Leonid Brezhnev reappeared today for the first time since Jan. 5, touching off renewed speculation about his health.

A close photograph showed the 71-year-old President and Communist party chief meeting Polish Premier Piotr Jaroszewicz, who arrived yesterday on a working visit. With them was Soviet Premier Alexei Kosygin.

It was Mr. Brezhnev's first official engagement since he attended a Kremlin ceremony on

Jan. 5, at which time he appeared drawn and tired, after an absence of almost a month.

Mr. Brezhnev was reported to have been suffering from influenza, and last week Soviet sources said that he had been resting.

The meeting with Mr. Jaroszewicz was Mr. Brezhnev's second public appearance since Dec. 8, when he was present at the Red Square funeral of World War II commander Alexander Vasilyevsky.

On Jan. 5, he did not seem fully recovered and Westerners

who saw a television broadcast of his speech at a Kremlin medal-presentation ceremony said that he spoke less distinctly than usual.

Later, Foreign Minister Andrei Gromyko was reported to have told his visiting Japanese counterpart, Susao Sonoda, that Mr. Brezhnev had a recurrence of influenza.

The Kremlin leader failed to meet Algerian President Houari Boumedienne, who was here more than two weeks ago, and postponed a visit to West Germany.

In a report on today's talks, Tass said that close attention was paid to expanding Soviet-Polish economic ties. Soviet leaders and Mr. Jaroszewicz stressed the importance of developing economic cooperation between their two countries, both bilaterally and within the framework of the Comecon economic group.

Mr. Brezhnev briefed the Polish Premier on Moscow's efforts to fulfill the current five-year economic plan, which lasts until 1980.

## Carlos Visit Revives Vienna's Past

By Paul Holmann

VIENNA, Jan. 31 (NYT).—This city, which neither cannot nor will not forget it was once the capital of a multinational empire, wallowed in monarchical nostalgia today as it welcomed young royal-

ty-King Juan Carlos of Spain and his queen, Sofia.

Dignitaries of the Austrian republic bowed stiffly. Women performed deep curtsies, practiced for weeks under the tutelage of aristocrats whose mothers or grandmothers had paid reverence to Emperor Franz-Josef.

Where else could the gala dinner tonight have been held but in the Hofburg, the imperial castle in the center of Vienna. The rigid "Spanish ceremonial" that once was observed at the Hapsburg court here was not inflicted on the visiting royal couple, but republican protocol officers talked a lot about it.

Bidding Performance King Juan Carlos and Queen Sofia will attend a special performance of the Spanish Riding School tomorrow morning when guests in the costumes of 17th-century Madrid will put Lippizaner stallions through their graceful passes—capriole, courbette, levade and quadrille.

The four-day royal visit will reach its climax Thursday night when the King and Queen attend the Opera Ball, the peak of the Viennese carnival. For most of the last 101 years, the ball has been held on the Thursday before Ash Wednesday in the former Imperial Opera House, now the State Opera.

The Federal government chief, Federal Chancellor Bruno Kreisky, will be host at the affair. In this republic without a monarch, the party but full of imperial reminiscences, Mr. Kreisky is

often called "Emperor Bruno" because of his prestige and paternalistic ways.

Official Invitation Mr. Kreisky invited the Spanish King and Queen to Vienna last year while on vacation on the island of Majorca. As one of the leaders of the Socialist International, he knew of course that Vienna, which has had Socialist mayors since the end of World War I, except during the Nazi era, loves nothing so dearly as being reminded of the splendor of the days of Emperor Franz Josef.

In speeches, newspapers, broadcasts, and private conversations the Viennese have recalled the 16th century when Austria and Spain belonged to the immense domains of Emperor Charles V on which "the sun never set."

Genealogists note that King Juan Carlos was the great grandson of a Hapsburg archduchess, Maria Christina, wife of King Alfonso XII.

Present-Day Concerns With so much history to speak, think and dream about, the Viennese have given little attention to present-day concerns that might come up in talks with the Spanish King, who is accompanied by Foreign Minister Marcelino Oreja Aguirre.

The political interests of Spain and Austria may be parallel, but they hardly mesh. For one thing, Madrid wants to become a member of the Atlantic Alliance and of the European Economic Community, whereas Vienna, because of its neutrality, is barred from both.

Commentators here suggested today that the Austrian leaders might give pointers to their guests on how to deal with the Communist countries of Eastern Europe. The Spaniards, they said, could be helpful in finding new markets for Austrian goods in Latin America.

## Thailand, Cambodia Talk About Clashes

BANGKOK, Jan. 31 (Reuters).—Thailand and Cambodia continued talks today after both sides rejected responsibility for border incidents that have soured relations for two years.

But as the talks resumed in Phnom Penh between Thai Foreign Minister Upadit Pachararakun and Cambodia's long-time enemy, the sides refrained from blaming the other for the sporadic clashes.

A Western diplomat said privately that the West will block even a nonbinding resolution. Observers gave the African resolution no chance of adoption.

Western nations supported a mandatory arms embargo in November, but have rejected a sweeping economic embargo against the restlessly segregated country, where U.S., British and French firms, among others, have heavy investments.

## German Dockers Reject Pay Offer

STUTTGART, Jan. 31 (Reuters).—West German dock workers have rejected a 7 per cent pay offer that ended the country's first national dock strike in more than 80 years, the union said today.

The union members returned to work yesterday after a five-day strike, but a union spokesman said that a majority had voted against the offer.

He said that the union had decided not to accept the offer, but workers would remain at their jobs. They originally demanded a 9 per cent increase. The union set a deadline for midnight tonight for resumption of negotiations.

## Black Witness' Home Bombed in S. Africa

JOHANNESBURG, Jan. 31 (AP).—A bomb exploded today at the home of a black state witness in a terrorist act in an apparent act of intimidation, a police spokesman said.

No one was injured in the explosion, which blew off two doors. It was the second bombing in two weeks against state witnesses in Alexandra Township, north of here.

## UN Asked to Ban S. Africa Loans

UNITED NATIONS, N.Y., Jan. 31 (AP).—African members of the United Nations Security Council yesterday proposed binding economic sanctions on South Africa. Ghana, Mauritius and Nigeria submitted a resolution stating that all countries, including non-UN members, should ban loans and investments.

A Western diplomat said privately that the West will block even a nonbinding resolution. Observers gave the African resolution no chance of adoption.

Western nations supported a mandatory arms embargo in November, but have rejected a sweeping economic embargo against the restlessly segregated country, where U.S., British and French firms, among others, have heavy investments.

**AGENCY/MAILBOX REPRESENTATION/SALES OFFICE**  
OFFERED BY  
**SWISS BUSINESS-MANAGER**  
with own office furnished down-town premises  
**IN EASTERN SWITZERLAND**  
Office staff and other facilities available.  
Clyde A. Hall, Jr.  
Publicists, Service International, CH-9021 Zurich.

**Some Very Special Places**  
Ever since people started traveling they've been telling each other about "special places" to stay. Below are "Some Very Special Places" we feel you should know about.

**PARIS**  
**Hotel California**  
Just one short block from the Champs-Élysées  
All 170 rooms have been completely redecorated in Louis XVI style, and equipped with self-dial telephone, TV, radio and mini-bar.  
Traditional in style and furnishing, it offers the high quality service you require.  
Several meeting rooms in period decor accommodate meetings from 20 to 120 people.  
For dining and entertaining, you can choose between the newly decorated Golden Gate Bar and Grill, the flowered patio during the summer months and various salons for banquets.  
Contact Monsieur Bonhelles, Directeur de la Restauration, who will help you with arrangements.  
Hotel California  
16, rue de Bavi, 75008 Paris  
Tel. 359.93.00 - Telex: 660634 Catel - Cable: Californotel 008

**CAP ESTEL HOTEL \*\*\*\*\***  
06360 EZE - Telex 470305  
Warmest location between Nice and Monte-Carlo. Five-acre garden.  
26°C heated indoor sea-water swimming pool.

**SUISSE**  
Skiing and alpine school at the doorstep, cross country skiing, curling and skating, indoor swimmingpool, sauna, massage, dancing, bar, restaurant, tranquility.  
de luxe hotel R. F. Muller, Man. Tel. 022-211 21 Telex 74 491  
**SUVRETTA HOUSE ST. MORITZ**

**FRANCE**  
**Hotel de l'Albany**  
44-46 Rue Cassette, 75006 Paris. Tel. 244.38.11. Telegraphic address: Albel, R.C. Paris, 81265244.  
de l'Albany is a new and modern hotel with a garden and a garden in a quiet street. Very refined style bedrooms. Warm welcome and service.

**FRANCE**  
**FETE ALCAZAR**  
REVUE ENTERTENEMENT NOUVELLE  
28 rue Cardinal-Lemoine 5  
Reservations: AGENCES HOTELS et 325.28.23

**JEAN-MARIE RIVIERE**  
**PARADIS LATIN**  
DINER-SPECTACLE  
28 rue Cardinal-Lemoine 5  
Reservations: AGENCES HOTELS et 325.28.23

## Chile Prisoners Transferred by A Court Order

SANTIAGO, Jan. 31 (NYT).—A federal court has ordered that Chile's military government should transfer 12 Christian Democratic political and labor leaders from confinement in a remote mountain village to a hotel in the city of Arica.

In a ruling limiting the punitive powers that the government may exercise under the state of siege, a court of appeals said that the authorities can exile persons from one province to another but cannot deprive them of liberty unless they are convicted of a crime.

The decision, which was issued a week ago, was not appealed by the government, and the 12 leaders, including Tomas Reyes—former president of the Chilean Chamber of Deputies—were transferred to Arica from villages high in the Andes near the Bolivian border. The villages, all of which are over 11,000 feet in altitude, have no modern housing or communications.

The Christian Democrats' lawyers argued that this form of confinement was an abuse of the government's power.

## Califano Bodyguard Receives More Than Boss or Mondale

WASHINGTON, Jan. 31 (AP).—Joseph Califano's sometime bodyguard is probably the second highest-paid employee of the federal government.

Thomas Johns earns \$47,025 as administrative officer and security coordinator for Mr. Califano, the secretary of health, education and welfare. He also receives monthly pension checks that total \$21,200 a year for his 21 years with the Secret Service, including a stint as President Lyndon B. Johnson's chief bodyguard, and officials of the District of Columbia pension system.

Mr. Johns's \$73,225 government income is completely legal. His combined pay is less than President Carter's \$200,000 salary. But it is more than the \$68,000 that Mr. Califano and other Cabinet members earn and more than Vice-President Mondale's \$76,000.

Mr. Johns is unusual in that he has slipped through barriers in the civil service system that are designed to prevent a retired civil servant from taking another federal job and drawing a full federal paycheck and a full pension.

## Obituaries

**Saxophonist Gregory Herbert, 31**  
AMSTERDAM, Jan. 31 (Reuters).—Saxophonist Gregory Herbert, 31, of the U.S. pop group Blood, Sweat and Tears, was found dead in his Amsterdam hotel room early today, police said.

A police spokesman said that a member of the group found the body. The spokesman added that small quantities of heroin and cocaine were found in Mr. Herbert's room.

The group is on a European tour and was scheduled to perform in Paris tomorrow night.

**Harold Zellerbach**  
HONOLULU, Jan. 31 (UPI).—Harold Zellerbach, 59, a San Francisco philanthropist and civic leader and former president of the Zellerbach Paper Co., died aboard the cruise ship Mariposa on Sunday. Mr. Zellerbach was prominent in San Francisco cultural life for decades and gave away millions of dollars.

**Neo-Fascists Bar Caging in Court**  
FLORENCE, Jan. 30 (Reuters).—Six neo-Fascists refused to enter a specially built steel cage in a court here yesterday when they went on trial for the murder of a prominent Rome magistrate 13 months ago.

Their lawyers argued that the cage, which resembles pens used for animals in zoos, was illegal and pledged that their clients would make no attempt to escape during the trial.

The judges agreed after conferring for 30 minutes, but ordered the defendants to be kept handcuffed throughout the proceedings in which 11 other suspected fascists are being tried in absentia.

**Troop-Cnt Talks Reopen**  
VIENNA, Jan. 31 (UPI).—NATO and Warsaw Pact negotiators today opened the 14th round of talks on reducing the level of armed forces in central Europe.

## Ex-Red Guards Prosper in San Francisco

By Cynthia Gorney  
SAN FRANCISCO, Jan. 31 (UPI).—The man who calls himself Yung, who spent his 17th summer smashing "counter-revolutionary" articles and shouting the words of "class enemies" in Canton, looked around the living room of his home overlooking San Francisco Bay and suddenly, emphatically, shouted: "This is a bourgeois house!"

He pounded his sofa in proprietary satisfaction. The plaid sofa, a two-seater facing a color television set, had been cleared of the toy pickup truck and cement mixer belonging to Mr. Yung's small son, who watches Saturday morning cartoons on TV and favors McDonald's for dinner.

Mr. Yung, whose full name has been withheld at his request, is a 29-year-old former member of the Red Guards, the radical students whose frenzied participation in China's Cultural Revolution attracted international attention 12 years ago. In November, 1971, Mr. Yung showed away on a boat that took him to Hong

Kong after he had become convinced that factionalism was destroying the goals of China's revolution.

He is only one of many former Red Guards—some here estimate their numbers in the thousands—who now live in varying degrees of bourgeois comfort, in the San Francisco Bay area. After stealing away in a boat or swimming to Hong Kong, they have entered the United States chiefly under a special program that reserves 6 per cent of the immigration quotas of certain nations, particularly Communist ones, for refugees.

Varied Motivations Their motives for leaving China have been varied. Some, like Mr. Yung, were disillusioned politically. Others, like Raymond Ling, who is studying now at the University of California at Berkeley, say they hungered for more education. Still others sought to rejoin refugee relatives or to pursue careers that would have been considered counter-revolutionary in China. "They are as varied as any immigrant group," according to Nick Chang, a counselor and English teacher.

The two main reasons why they have come to the United States appear to be the comparative ease with which they can obtain refugee visas in Hong Kong and the large number of Chinese there who have relatives or other contacts in this country.

Mr. Yung evidently has found what he came for—a life outside a revolution he had begun to doubt and a chance to study social science—both Asian and Western—at his own pace. His wife, whom he met in Hong Kong, has a clerical job she likes. His political sentiments here are a private matter, something that he is still developing while he works as a graduate student. His bookshelves are lined with volumes on Marx.

Mr. Yung has come to a self-

understanding, a cheerful sort of guilt about his couch. "It's the time," he mused, envisaging his "bourgeois" sofa in his Communist homeland in the mid-1960s. "I had the money to buy it. I would be embarrassed to let people see it. Now it's just regular." He shrugged. "If people come in, how else can I let them sit?"

After the two years of the Cultural Revolution—during which the Red Guards confessed ed books, smashed statues, put up pro-revolution wall posters and changed street names—40 young firebrands were ordered into the countryside, to settle down to agricultural work.

For some, that was an unbearable indignity. Many left disillusioned.

Mr. Ling, the Berkeley student, said he decided that "educational opportunities were totally cut off for him in China. In the mid of a summer night in 1971 he plunged into the sea to swim away from the mainland.

"The most valuable thing in the United States, I think, is the education," said Mr. Ling, who has applied to three law schools for admission. He was out as a bookkeeper in northern California for two years before enrolling at Berkeley; now he studies frequently in the campus Chinese Center's library under a wall poster of a joyous smile braiding Mao's writings, and he keeps his phone numbers in an address book decorated with Minnie Mouse.

A few of the former Red Guards have plunged into U.S. capitalism with surprising success. A San Francisco teacher recalls that a former Red Guard apologist for missing English class explained that his real estate business was picking up and he had just sold a \$160,000 building. But most work their way toward mainstream-American life through more familiar routes: restaurants, clerical jobs, junior college training programs.

Set Apart Observers of the large Chinese American community here say there is something that seems to set the Red Guard refugees apart from other Chinese-origin immigrants: a directness, a comfortable resilience unusual in Chinese newcomers. While at uprootings are painful and traumatic, Asia-to-America immigration is further complicated by a vastly different language structure and the need to adjust to a society that places much less emphasis on family and on traditional authority. But the Red Guards, it is said, have it easier than other Chinese immigrants.

"You can almost spot [a former Red Guard] if he's next to a long-time resident or a Hong Kong-born," Mr. Chang said. "They carry with them a personality, a certain drive, a certain assertiveness."

It is as though their revolution equipped them to find success in U.S. life. "I could tell as soon as one entered the classroom that this was not a Hong Kong student," said another English teacher, whose students include large numbers of Chinese immigrants and refugees. "They're very open-minded and questioning. They just have that very clear sense of what's good for themselves."

Gregory Herbert

## 14 Swedes Sentenced in Kidnapping Scheme

STOCKHOLM, Jan. 31 (UPI).—Fourteen persons were sentenced for their roles in a plot to kidnap a former Cabinet minister. Five received jail sentences, varying from four years to one month, and nine received suspended sentences or were fined.

Sixteen young Swedes were accused of planning to kidnap Arns-Greta Leijon, former Social Democrat minister, responsible for the deportation of terrorists who set fire to the West German Embassy in Stockholm in April, 1975. Two persons were acquitted.

The reports said that the ex-changes were quite heavy, with the rightists firing on Palestinian and leftist positions in Beirut. The reports said that the ex-changes were quite heavy, with the rightists firing on Palestinian and leftist positions in Beirut. The reports said that the ex-changes were quite heavy, with the rightists firing on Palestinian and leftist positions in Beirut.

## Forces in S. Lebanon Said to Exchange Fire

BEIRUT, Jan. 31 (UPI).—Lebanese Christian militias swapped artillery fire today with Palestinian guerrillas and Lebanese leftists in southeast Lebanon near the border with Israel, military reports reaching Beirut said. No casualty figure for the clashes was immediately available.

The reports said that the exchanges were quite heavy, with the rightists firing on Palestinian and leftist positions in Beirut. The reports said that the ex-changes were quite heavy, with the rightists firing on Palestinian and leftist positions in Beirut.

## Speaking the Language of Blues

By Michael Zwerin

PARIS, Jan. 31 (IHT).—A friend suggested that Mick Jagger catch Sugar Blue last Wednesday because the Rolling Stones are making an album in Paris; they might be able to use a blues harmonica player. I played his best all night, but the club was almost empty. He had gone to a party in the village.

The Stones helped revive the blues, but that was a generation ago, and now, even in Harlem, people play rock or jazz, not the blues, certainly not a harmonica. "Unheard of," says Sugar, who has been called "extraordinarily lyrical" by The New York Times.

And in an article titled "Street Entertainers," Time magazine has called Sugar Blue, a black harmonica player who piles his tunes in Greenwich Village, may be the best itinerant musician in New York.

The Village has a tradition of street music. In the '60s, with the folk boom, everything was flower and love but with the '70s, Sugar found: "People got very uptight. Me and Washboard Doc had bottles thrown on us on McDougal Street, to say nothing of powdered glass on Meeker."

Police Less Gentle

And the police were becoming less gentle. He worked from time to time with Muddy Waters (who calls a harmonica a "Mississippi guitar"), toured with Leon Thomas and he even cut a track (never released) with Bob Dylan, but it wasn't a living.

Sugar Blue is not the first black American musician to come to Paris looking for the acceptance his own country denies him.

Arriving last October, he found himself not on the street but under, in the Odéon Métro station. He had come here for a concert with Louisiana Red, but the concert was cancelled and he only had a one-way ticket. He discovered that he could make more money than in the Village—400 francs for a five-hour stint.

"You would think people in the Métro would all be rushing off somewhere. But they're kinder and more attentive than

In some clubs back home. That's what really knocks me out about Paris. People love the blues. I've heard records here I've never even heard of in the States. Blues records are catalogued here. There are private collections that just blow my mind."

He is 28 years old, soft spoken, not unaware of social context. "Of course, it's easy for the French to like the blues. They don't have to deal with 20 million American blacks. Here they have Arabs, and Arab music is just like the blues in America. It doesn't surface much. America doesn't want the blues because whites don't want to connect with black culture on that sort of down-home level."

"Even black people don't listen to the blues much any more, except for some old-timers. They prefer to play it. They think the color problem is cooler, but there's still like 40 per cent unemployment among young blacks."

Harlem Born

Growing up in Harlem as James Whiting, he started playing music because "my mother was in show business and it seemed like a wonderful life. I was traveling, partying, meeting interesting people. I couldn't afford a saxophone so I bought a harmonica. I was embarrassed about playing that little toy until I heard a Stevie Wonder record, and I thought if he's playing it, wow, it must be respectable."

"I tried learning music in school but didn't last very long because they were teaching Bach and that had nothing to do with my life."

"I wanted to learn how to play like Jr. Walker. Blues got carried up with the folk revival. It looked good for awhile but a guy named Slim Butler I was playing with said, 'This James Whiting stuff isn't going to cut it. We've got to find you a name. Harmonica Sam or something.'"

"I always wore blue jeans and took lots of sugar in my coffee so one day Slim and I were sitting in the Gaslight café and he said, 'We're going to call you Sugar Blue.'"

The blues grew out of slavery. There are Delta blues, Memphis blues, Texas blues, etc. Styles

differ from town to town. So do tempo, articulation, tuning, subject matter. Basic country blues was urbanized when Muddy Waters electrified his band. It became accessible to population centers and the media. Drummers grew more sophisticated, bass lines more elaborate and sidemen learned more complex harmonic and melodic devices. All of this came together in the '60s to form rock.

"Everything's built on the blues," he said. "Pop, rock, jazz, country and Western. The blues is gut-shaking, bone-crunching, foot-stomping music. It deals with everyday life. That's why it will always be valid. When people think of the blues they picture some old guy crumpled on the pavement with his misery. It's more than that. The blues is a way of life. It's about the way you feel about life. It allows you to reflect exactly what you feel at any given moment. Nothing is written down. That's why a lot of people can't play it."

He starts his first steady Parisian job at the Vieille Grille on the Left Bank tomorrow. He will play and sing some of his own songs, one of which goes, "...If I could move a mountain or turn the rain to sand I'd scoop up the ocean and walk to my baby on dry land..."

"Young cats keep singing the same old songs. That's too bad. People say the blues is old-fashioned. Well, sure it is if there's no new material. Jazz would be old-fashioned too if nobody had written any tunes since Charlie Parker."

Just Like Home

When he first got to Paris, he was horrified to find that a continental breakfast was just bread and coffee, and that it was always cold indoors. Even Harlem takes central heating for granted. But he lives near Rue St. Denis now and says it is "just like home... 128th Street... all the ladies of the night walking up and down."

He has not left Paris once in his four months here. In fact, he says with an embarrassed laugh, "I haven't gotten any further than the Odéon Métro station."

People on the street look like they do in the Village but when they open their mouths they say



Sugar Blue and his harmonica.

doodle doodle doo and they expect you to understand. When I got here I told myself I wouldn't leave until I learned French. About all I've learned

so far is *bon jour*. French people have no trouble understanding the blues, though, and that's the language I prefer to speak anyway."

## OPERA IN FLORENCE

### 'Werther' With the Force of Novelty

By William Weaver

FLORENCE, Jan. 31 (IHT).—French opera has always had a curious performance history in Italy. Take Faust, for instance. Popular as it is in other European countries (and in the United States), here it remains something of a rarity, to be revived now and then, under special circumstances.

Even "Carmen" is heard less frequently here than elsewhere. Inevitably, the operas of Massenet have undergone the same fate. His "Manon" has had to bow to the national preference for the Puccini version, and his "Werther," though it has enjoyed the advocacy of such great tenors as Schipa and Tagliavini, has never really entered the daily bread repertory.

In the 50 years of the Teatro Comunale's existence here, "Werther" has been given only three times, one of them a concert version. And the last was more than 20 years ago. So the current production arrived with the force of a welcome novelty.

Fresh Quality

Thus fresh quality was enhanced by the splendid new production and the sparkling musical performance. Pier Luigi Samaritani has for many years now been admired as one of Italy's outstanding designers, especially for romantic works.

Now he has turned director as well, and with excellent results. Every scene was effectively, handsomely set. Every character—even the most minor—was cogently costumed.

The garden of the first act, with its ivy-covered house, its leafy shade and its soft green

lawn, took the audience at once into the subtle atmosphere of the domestic tragedy.

The children sang and played, the mayor's friends drank their Rhine wine, and Werther meditated about nature with total apathy. Act after act, the seasons changed until, at the end, the same garden was covered with snow, and Werther died, as the Christmas carol echoed offstage.

Praise for Kraus

In the title role, Alfredo Kraus was beyond praise: elegant, noble, moving, impassioned, both in his acting and his singing. The Charlotte was Lucia Valentini Terrani, mostly known as a Rossini specialist. Here she demonstrated her ability to portray also a romantic heroine.

Anastasia Tomaszewska Schepis was a sweet, true Sophie, and the

tenor, Rolando Panerai a sober Albert. The small parts were well sung.

Only one question arises: Why was the work given in French, with an Italian-Spanish cast? None of the singers sang the language idiomatically, so surely the old Italian translation, which is quite adequate, would have been better.

The one Frenchman present was Georges Pretre, who conducted with an impressive range of nuance, along with his familiar vigor. He cast a spell over the Florence Orchestra, which had played poorly for a recent, generally unfortunate "Barber of Seville."

The ensemble was always praiseworthy, and the individual instruments—winds notably—shone in their brief solo passages. The audience was understandingly indulgent.

## ON THE ARTS AGENDA

The Opera Stabile studio of the Hamburg State Opera will present the world premiere on Feb. 10 of Heinz Holliger's "Kommen und Gehen," based on Samuel Beckett's "Come and Go," with the composer conducting and appearing as an actor. Erich Holliger as stage director, and P. Fischer the designer. Two other quasi-theatrical musical works will complete the program, both

for the first time in Hamburg. They are Karlheinz Stockhausen's "Spiral," with Heinz Holliger as soloist, and Heinz Holliger's "Kreis," both staged by Erich Holliger. "Kommen und Gehen," which was commissioned by the Hamburg State Opera, will be repeated with the other works on the program on Feb. 18, 22, 23 and 24.

## China Issues New Stamp

HONG KONG, Jan. 31 (Reuters).—China issued a special set of six postage stamps today featuring its fast-growing oil industry. The China news agency reported.

The Musée Jacquemart-André in Paris, which has been closed for renovation, has reopened its ground-floor rooms where it is exhibiting its collections of paintings, drawings, furniture, tapestries and ceramics. Work is continuing on the upper floor, which will be reopened later in the year.

## "Lufthansa is a wonderful introduction to Deutschland."

This is an authentic passenger statement.



Try a German holiday with Lufthansa, the people who know Germany best.

## MOVIES IN PARIS

### French Industry Set for Césars

By Thomas Quinn Curtiss

PARIS, Jan. 31 (IHT).—The French motion picture industry, following the example of Hollywood, formed its own academy three years ago. Founded by the publicist Georges Cravenne, the current president is Robert Sarrico and the members include 1,500 cinema workers—actors, directors, writers and technicians—who vote each year for their choice for the best film, the best performances and the best director of the last 12 months.

The 1977 awards—Césars—the French equivalent of Oscars—are to be presented Saturday at 8:30 p.m. at the Salle Pleyel, a ceremony over which Jeanne Moreau will preside and which is to be televised.

Among the expected guests are Sophia Loren, Michèle Morgan, Marthe Keller, Gene Wilder, Yves Robert, Lino Ventura, Annie Girardot, Philippe Noiret, Marie-France Pisier, Michèle Mercier, Joseph Losey and Pierre Richard. The prizes will be bestowed by Victor Lanoux, Roger Pierre, the Italian comic star Ugo Tognazzi and Jean-Pierre Aumont.

Charlie Chaplin will be honored with a posthumous César, which Sophia Loren, star of Chaplin's last film, "The Countess of Hong Kong," will accept for the Chaplin estate. The novelist Georges Simenon, a close friend of Chaplin during his residence at Vevy, will broadcast an address from his Swiss home. The late Robert Rossellini and the late Jacques Prévert will also receive tributes.

On stage a sequence from the Bobbie show, "Check to Check," choreographed by Zizi Jeanmaire, will be danced and Sylvie Joly will perform her Café d'Edgar sketch.

Though the academy members vote by secret ballot, the nominations have been announced. It seems likely that "Le Crabe-Tambour" of Pierre Schoendoerfer will take the best French film award. The actors favored are Alain Delon, Charles Denner, Gé-



Richard Burton  
"Exorcist II."

rard Depardieu, Patrick Dewaere and Jean Rochefort, and the actresses are Brigitte Fossey, Isabelle Huppert, Mimi Mota, Delphine Seyrig and Simone Signoret. Miss Signoret appears ahead in the race. There is also a prize for the best director which suggests a contradiction, for the best director, logically, must have directed the best film. Rivals of Schoendoerfer are Luis Buñuel, Alain Resnais and Claude Miller.

"Exorcist II" (at the Marbeuf and the Odéon in English) is a sequel to William Friedkin's box-office hit about supernatural phenomena and demonic possession. As is the case with almost all sequels, this one is a mistake and probably a box-office disappointment.

To lug out again the shaky premise of the original shows an amazing want of commercial seamanship. Friedkin wisely declined to engineer the follow-up. John Boorman, responsible for that

inducious, lugubrious glance at the figure, "Zardoz" is the director and proves incapable of galvanizing the exhausted hokum into even a third-rate thriller.

The scenario is unmitigated nonsense. A mixed-up priest (Richard Burton) suspects that his late colleague has failed to thoroughly exorcise a 12-year-old girl and that a bit of the devil still lingers in the child. His efforts to cast forth the evil spirit have appalling consequences.

It would have been more appropriate to ask psychiatrists and the clergy rather than an audience to witness this weird exhibition of delirium. One ardently hopes that the girl has been cured—else we will have another sequel.

Philippe de Broca's film, "Tendre Poulet" (at the Normandie, the Opéra and the Bretagne) is a cut above the routine comedy. It shows Annie Girardot as a policewoman tracking down the murderer of several public men. Her activities nearly cause her to lose her boyfriend (Philippe Noiret). The movie is mild but the players are pleasant company.

Bertrand Blier, director of "Les Valseuses" and the misbegotten "Calmos" (which failed in its comic purpose) is represented this week by a new film, "Préparez Vos Mouches" (at the Rex, the Boui and the Danton). Beginning as a satirical sex comedy, it degenerates into a foggy tale about a poor, little rich boy and becomes more childish as it goes along. Its gags and dialogue, its pranks and its conceits are feeble. Gérard Depardieu and Patrick Dewaere are its principals, a pair of odd-ball nonconformists.

The direction of that excellent film, "The Duellists," based on a Conrad novelette and now at the Châtelet Victoria (in English) was mistakenly credited. It is the work of Ridley Scott, a very promising young filmmaker.

## ENTERTAINMENT IN NEW YORK

NEW YORK, Jan. 31 (IHT).—This is how New York Times critics rate new films:

"Renaldo and Clara," written and directed by Bob Dylan, "has an insolence about it... that is not easily ignored," according to Janet Maslin. "No one is likely to find it altogether comprehensible. Yet for anyone even marginally interested in Dylan—and for anyone willing to accept the idea that his evasiveness, however exasperating, is a crucial aspect of his finest work—Renaldo and Clara holds the attention at least as effectively as it tries the patience." The film has two central characters, a man and a woman, but their identities are parceled out to a dozen different actors. Dylan, Ronnie Hawkins and Rob Stoner are the man and Sara Dylan, Joan Baez, Ronny Blakey and Helena Kalmar are the woman. The two lovers, apparently about to become ex-lovers are irretrievably locked in battle, but the device

of fluctuating identities prevents them from ever confronting one another face to face."

The footage of Dylan in concert provides the film's most "electrifying moments." And Maslin says "the film contains more than its share of deadweight, but it is seldom genuinely dull."

## Swiss Tourism

### Breaks Slump

BERN, Jan. 31 (AP).—Swiss tourism showed an increase last year for the first time in five years, the Swiss government said yesterday.

The total number of nights spent in Swiss hotels rose 6 per cent to 32.23 million nights last year.

Foreigners, who accounted for three-fifths of the visitors, spent 7.5 per cent more nights in Swiss hotels than in 1976.

## DIAMONDS

Your Best Buy single diamonds at wholesale prices by ordering direct from Antwerp, the world's largest cut-diamond market. Give diamonds to your lady, buy for investment, for personal use.

Write airmail for price list or call us:

Joachim Goldenstein

THE DIAMOND CLUB ELEG.

Established 1928  
62 Pelikaanstraat,  
Antwerp (Belgium)  
Tel: 31-33 09 82

Gold Medal  
WORLD DIAMOND CONGRESS 1976  
ANTWERP 1976

## Unbalanced Trade

The trade deficit of the United States was less than half the anticipated budget deficit, and \$26.7 billion—the amount by which imports exceeded exports in 1977—is a far less impressive figure than the \$500-billion budget. But considering that it is more than four times that of the record trade deficit of 1972, and recognizing what it has already done to the dollar and what the fate of the dollar means to Americans and the trading world at large, the problem it represents cannot be ignored anywhere.

Washington continues to point to increased costs and consumption of imported petroleum as a major factor in the deficit. Other sources, notably in the European Economic Community, scoff at this. But while oil is not the only cause for the sinking balance of trade in the United States, it is an important one, and one that might be at least tempered.

The other causes are varied and controversial. Henry Ford, like many other industrialists, especially in the automotive business, charge that government regulations impede growth and threaten "economic decay." Others assert that industry has not kept abreast of technological improvements in other nations, notably West Germany and Japan, or that labor unions—like the striking coal miners—have increased costs and diminished productivity.

Yet the fact is that U.S. economic growth increased last year at a more rapid rate than those of either West Germany or Japan—indeed, the United States wants them to stimulate their economies.

All of this is confusing to the lay reader—and to economists and the government officials who deal with the economy. There is increasing pressure within the United States for protectionist responses to imports from abroad, for that panacea which proved so illusory in the 1930s and which could obstruct the development of a truly equitable and effective international trading system in a world that desperately needs such a system.

The Carter administration is not responding to protectionism, but neither does it boast of much progress in that diversion of energy costs and profits which constitutes the most promising means of reducing a substantial portion of imports to the United States. The U.S. citizen simply does not yet recognize that the "energy crisis" is not a present shortage of energy but a heavy burden of cost and a potential threat to the whole economy. And Mr. Carter has not yet convinced either the citizenry or the Congress of the reality of this crisis.

The U.S. economy is improving, and is strong. Its trading position could be bettered by many approaches short of downright protectionism, and by some help from those nations which the United States helped so effectively to regain industrial health after World War II. And the U.S. trade deficit is not a concern only of the country which is the world's richest in a combination of resources and exploitative technology. What the United States has given, and can give, to developing and developed nations alike was and is too vital to be regarded as a purely national situation.

## A Pittance of Aid

In a eulogy to Hubert Humphrey, President Carter opened a window into his own heart on an issue close to the heart of the Minnesota senator. "He didn't see foreign aid as a giveaway," the President said. "He didn't see foreign aid as billions of dollars going from our nation to others. He saw human needs. He saw foreign aid as a great investment—from a rich nation, a pittance almost, compared to what we earn and have—that builds up a wellspring of friendship between us and those hungry people."

Yet, when the time came to send his new budget to Congress last week, Carter postponed for a second year the large initiatives in economic aid that he had promised. His requests for fiscal 1979 are roughly the same as those he made last year, except for "catch-up" funds that Congress failed to provide to meet administration pledges to the international development banks.

As presented, the Agency for International Development's program of economic assistance remains at about \$4 billion, essentially unchanged except for a shift in funds from Portugal to still poorer nations. Food aid through the Agriculture Department is also held steady at about \$1.4 billion. The administration's annual commitment to the "soft" or concessional loan windows of the World Bank and regional development banks is put at \$1.1 billion. Yet bookkeeping changes and a bid to make up for past delinquencies will bring this year's request for the international banks to \$3.5 billion, a sum that is sure to revive last year's destructive congressional attacks on the banks. What should be debated, however, is not why so much indirect aid is earmarked for the banks but why direct loans and grants, which Congress prefers, are not being increased to a responsible level.

Of AID's proposed \$4 billion, about half would go to the Middle East, mostly to Egypt and Israel, to keep their economies going. Direct development assistance, to be spread thinly over some 50 countries, is allotted only \$1.7 billion—truly Carter's "pittance." Congress provided these funds without argument last year and has been calling since 1973 for "new directions" strategy to give priority to basic human needs. The emphasis would be on smaller rural-develop-

ment programs designed to improve food output, health and employment and to reduce infant mortality and population growth. The AID agency is prepared to stress this direction. What it needs is money. Congress is unlikely to vote more than the administration requests. The low level of Carter's proposal is variously attributed to the lagging economy, inflation, the competing demands of domestic programs, the budget deficit and congressional opposition. These are obstacles, but not easily sustained excuses.

The United States now ranks 12th on the list of 17 aid-giving industrial democracies. It contributes one-quarter of 1 per cent of the gross national product. That compares with one-half of 1 per cent during the Kennedy administration. During the 1978 campaign and at the London economic summit last May, Carter spoke of "doubling" U.S. aid over four or five years. After administration studies listed this goal as the highest of three plausible options, Carter chose a more modest, goal last October: an increase, adjusted for inflation, of 50 per cent by 1982. Now, three months later, he has failed to take even a first step in this direction.

The issue here is not just altruism. Apart from tactical considerations in the North-South diplomatic confrontations, some vital global considerations are at stake. Unless the developing countries can be helped to feed themselves, there will be widespread food shortages (and soaring prices in U.S. supermarkets) as the world's population doubles to 8 billion around the turn of the century. Unless adverse social and economic trends can be arrested, that figure may continue to rise to 11 billion before it stabilizes. Carter was right the first time around. U.S. aid needs to be doubled. But to achieve a 50-per-cent increase by 1982, some increase is needed now. It should at least be possible to more than double the small but critical development assistance element in AID's program. That is the element that focuses directly on Third World food production and other elementary needs. Pinching pennies in this area will in the end cost Americans more than dollars.

NEW YORK TIMES.

## International Opinion

### Time to Aid Lisbon

Mario Soares's Socialists have always been on good terms with the straightforwardly conservative leaders of the—confusingly named—Democratic Social Center party (CDS), and it is they who have now come to Mr. Soares's rescue by allowing senior members of their party to join his new government without it being officially labeled a coalition.

It does not look like the durable and coherent government for which President Eanes

and Portugal's friends abroad have so often wished. But it is the best that can be hoped for in the circumstances, and those with money to lend should not be too stringent with it.

The Portuguese already have the lowest standard of living in Western Europe. Those who in 1975 loudly professed their concern for Portuguese democracy should not now let themselves appear to be driving Portuguese living standards still lower.

—From the Times (London).

## In the International Edition

### Seventy-Five Years Ago

February 1, 1903

NEW YORK—President Roosevelt's friendly attitude towards the Negroes is responsible for the intention of a small number of extremists in New Orleans to be discourteous to Miss Alice Roosevelt when she visits the city on Strove Tuesday, to take the part of queen or maid-of-honor in the carnival. But the city officials are very indignant at this and the leading newspapers declare that Mr. Roosevelt's attitude will not be allowed to affect hospitality to his daughter.

### Fifty Years Ago

February 1, 1928

PARIS—Outbursts of political rancor and mutual recrimination between the French left and right parties—the radical "Cartellists" and the conservative "National Unionists"—are becoming the order of the day as the general elections approach. Recent speeches by Marshal Foch and Gen. Weygand have been condemned by the left and radical press as political propaganda and an appeal to all the conservative forces in the country to unite against the left.



"Well, Don't Just Stand There, Nanook... Go Call the 'Guinness Book of World Records!'"

## A Scent of Eurocommunism in Poland

By Leopold Unger

BRUSSELS—An aged woman walks into a butcher shop in Warsaw and, after waiting in line as usual, gets to the service counter.

"Do you have any steak," she asks.

"No," the butcher replies.

"Do you have any veal?"

"No."

"Pork?"

"No, we don't have any pork."

"Ham, bacon, sausage?"

"No, no, no, we don't have any," the butcher answers in a huff.

Having gone through her list without success, the old woman picks up her empty shopping bag and walks out, holding her head up with dignity.

"What a pest, that old woman," the butcher hurls out after she has left. "But what a memory," he adds with admiration.

### Unstable

This anecdote, now going around Warsaw, is a good indication of what Edward Gierk, chief of the Polish Communist party, must have felt when he received the 1,800-word letter sent to him by his former colleagues. The letter assails the "disorganization of the national economy," stresses the "widespread frustration and bitterness of the population" and warns the Communist party that the calm that has existed since the strikes of June, 1976, is highly unstable.

"Today," the letter states, "the country needs an unambiguous program of political and economic reforms." To get itself out of a vicious circle, the party must replace its repressive policies by a dialogue and a sincere exchange of ideas. It must stop its control and curtailment of other political organizations, particularly the parliament and the labor unions.

"The vital forces of the nation must be allowed to express themselves and must be rid of the bureaucratic apparatus which provokes hypocrisy and prevents initiative," the letter says, adding that, above all, the opinion of the public must have a determinant role in the government of the country.

### Quip

Mr. Gierk, however, like the butcher of the anecdote, dismissed the affair of the letter with a quip and without even trying to satisfy his "clients." Referring to the advanced age of some of the letter's signatories, a spokesman for Mr. Gierk suggested that these gentlemen should live out the rest of their lives "with dignity and in calm." He added, "We are adopting a humanitarian attitude by doing nothing about them," believing that the statement would be enough to do away with the issue.

He is wrong and this affair is likely to linger on for quite some time, for the signatories are not unknown. Contrary to the recent manifesto published by a group of opposition Communists in East Germany, the Polish letter is not anonymous. It was signed by 14 persons who are still members of the party and some of whom have played a major role in the history of Polish Communism.

Edward Ochab, 71, was the top man in Poland during the crucial months of 1956. It is he who led the way for Wladyslaw Gomulka to come to power and who made it possible to destalinize the country without a bloodbath. The names of Albrecht, Matwin, Morawski and Zarynski are on the letter. They are four former Young Turks of the years 1956-60, some of whom long held leading posts in the party and in the government, along with Mr. Gierk.

### Honecker Acts

Also among the signatories are the names of Burda, a former chief prosecutor; Jankowski, an economist and journalist; Strzelacki, a sociologist and writer; Szacki and Jozefiak, both professors. Some were Communists before the war such as Heinrich, a former air force colonel, and Krole, a former finance minister. Obviously, Mr. Gierk cannot—as did East Germany's Erich Honecker, who pretended indignation and went on to arrest "West Ger-

man spies" after he received his manifesto—protest the intervention of "foreign enemy sources" when talking about the 14 men, who had signed the letter.

The letter is also a unique document in that it is the first statement in a very long time of a dissident position (not to say one of opposition) drawn up within the party. Since the failure of Dubcek's "Prague Spring" in 1968, any option of revisionism (any attempt to improve Communism from within) has been abandoned. Communism and liberty having proven to be incompatible.

This letter, therefore, is an im-

portant phenomenon: It shows that a Communist opposition exists within a Communist regime. This is a new movement to be added to all the various reform movements which have sprung up in the East, but all of which were formed and continue outside the party. The letter openly appeals to members of the party and of the party apparatus "who are not afraid to express their opinions and who want to help build an honest socialism attuned to the needs of modern times."

Furthermore, the Soviet Union will not fail to realize that the letter of the 14—who are, in fact, much more numerous than that

—is a dangerous expansion of Eurocommunist concepts. For the first time, the ideas of Santiago Carrillo and Enrico Berlinguer are beginning to find an echo from within the Kremlin empire. Like the graft of an organ foreign to the Polish body, Soviet Communism is being rejected not by enemies of Communism, but by 14 faithful men who are beyond suspicion.

For the first time in a very long time in Eastern Europe, a group of Communists is aligning itself with the basic demands of the population. And the people—like the old woman of the anecdote—have a long memory.

## Soviet Economy: Metal Fatigue

By Victor Zorba

WASHINGTON—The "metal-fatigues," one of the most fundamental groups in the Soviet power structure, are in trouble. They were given that name by Nikita Khrushchev when, as Soviet premier, he was doing battle against the Soviet military-industrial complex. After his fall, the "metal-fatigues" have managed to increase consistently the production of steel, but the Soviet economy is now in such deep trouble that even the steel industry, which usually has the highest priority, is not receiving the resources it needs.

Its failure to reach the target for last year, just disclosed by Moscow, is part of the much broader failure of a number of key Soviet industries to perform as the planners had expected. Last year was the second of the current five-year plan, and in some ways it was decisive. The plan results for the first year, following a disastrous harvest, were far below the original target. It was the second year which was to begin the economic recovery that would have helped to make up in later years the losses lost at the outset. Instead, the opposite is happening.

### More Tinkering

Some analysts are beginning to ask whether the Soviet position in the world, and even the stability of the Soviet regime, might not be endangered by the strains and stresses now emerging in the economy. On present evidence any such concern would be premature, but if the trend continues and the economic situation deteriorates, then the political consequences could indeed be far-reaching. The Soviet economy has to grapple with deep-seated, structural problems. The mere tinkering of recent years could do nothing to resolve them.

## Letters

### Crown of St. Stephen

We in the Cardinal Mindszenty Foundation are saddened over the return of the crown of Saint Stephen, the nearly 1,000-year-old symbol of Christianity in Hungary, to the atheist dictatorship now in power in the country that Cardinal Mindszenty, in a letter to President Eisenhower in 1964, called "the world's most oppressed nation."

We are comforted, however, by the wonderful support we have received in our efforts to prevent the return, from our Protestant and Jewish friends. For example, Quentin Cromwell Jr., chief counsel and staff director for Sen. James Allen of Alabama, wrote to me on Dec. 8, 1977, "Certainly, this Christian symbol of the Hungarian people ought not in any circumstances to be placed in the hands of the present oppressors of the nation of Hungary."

Mr. Cromwell went on to say that "...in a technical sense the crown is now the property of the United States. Article IV, Section 3, Clause 2 of the Constitution provides that Congress alone shall have the power to dispose of... property belonging to the United States." Hence, it follows that the President is acting

When the current five-year plan was announced, the Kremlin had scaled down drastically the previous high growth targets. It had failed to meet the targets for 1971-75, and instead of reaching out once again for the higher figures in 1976-80—which would have put a considerable strain on the economy—it settled for slower growth and a lower growth target. Even some of the most skeptical Western observers, such as the CIA, found the new plan to be "unusually restrained and realistic." But it is now clear that even this reduced plan is out of control. It cannot be fulfilled.

The Kremlin has given no indication so far that it is prepared to face the issue honestly, admit the failure to the nation, and announce a revised five-year plan, but the figures are beyond dispute. Industrial production was to increase between 1976-80 by 52 per cent, which works out to an average annual increase of 8.5 per cent. But in 1976, the increase was only 4.6 per cent, in 1977 it was 5.7 per cent, and the new plan for 1978 calls for no more than 4.5 per cent. This leaves a target of nearly 8.5 per cent to be reached in each of the remaining two years if the original 52 per cent is to be attained during the whole five-year period—and this is outside the realm of economic possibility.

### Strains

The political strains this will impose on the leadership can only be imagined. The most important political decisions in the Soviet Union, as indeed elsewhere, have to do with the allocation of scarce resources between competing claimants. But the more slowly the economy grows, the smaller is the pie available for outbidding—and the more acute

the conflict between the groups which insist on retaining or increasing their own piece of the pie.

Some of the problems which this is causing are already evident. The claims on the nation's resources presented by the defense sector, by agriculture, by the consumers, all have a good political rationale behind them, from the Kremlin's point of view.

The defense buildup is necessary, its supporters would argue, if the Soviet Union is to be able to negotiate from strength a fair arms limitation agreement with the United States. Money must continue to be poured into the development of agriculture if the country is to become self-sufficient in food, instead of having to rely on U.S. grain imports which might expose it to political blackmail. The consumers must see a constant rise in the standard of living if they are to acquiesce in a political system that claims their allegiance in return for promises of material benefits.

### Investment Slowed

These are, indeed, the three sectors whose demands have been largely met in recent years, because the political risks of denying their claims would have been too great. But the fourth claimant is not doing so well. Capital investment for industry, the seed money on which future increases in production depend, is not now flowing into the economy at a rate which would ensure sufficiently rapid and high rates of growth in the future. One reason why the steel production target which should have been reached last year will be reached only at the end of this year is that much of the new production capacity and equipment promised to the steel industry has failed to materialize.

The military probably got most of the steel they wanted—though even the "metal-eaters" must have had to tighten their belts a little—but this meant that many other industries had to make do with less. Their failure to get the steel they need slowed down the growth of the rest of the economy, and this in turn would further limit the resources available for investment. So did the failure of other key industries to meet their targets during the year just ended. Soviet economic planners are caught in a vicious circle—and so are Soviet political leaders.

wholly outside of his authority to proceed to give the crown to the Hungarian dictatorship, since Congress had not authorized that action."

President Carter's excuse seems to be that he believes that the crown belongs to "the people." But the crown was not given to "the people" originally. The Pope gave it to a king.

PATRICIA K. FAWCETT, Oxford, Mississippi.

### Together

I find ex-astronaut Frank Borman's statement (LHT, Jan. 30) the utmost in misogynistic attitude. What does he mean when he says that you can't sit too long close to a woman? That she smells, had or that he is afraid he won't be able to retain his sexual impulses? Or maybe he is anxious to see a woman retain her physical and emotional integrity better than he under strenuous conditions? The only "detachment" caused would be I think to his male ego.

Mr. Borman seems to forget that if his father had not been "close" to his mother he would not be there now to set such an example of male chauvinism.

M. A. RICKLIN, Geneva.

## Arms Control: Computing a Bungle Factor

By Joseph Kraft

WASHINGTON—The case for a second arms control treaty with the Soviet Union finds powerful support in the accident which derailed a nuclear-powered Soviet satellite over Canada last week. By emphasizing the importance of accidents—the so-called bungle factor—the episode works to discredit those opponents of arms control who demand an absolutely 100-per-cent-perfect treaty. In addition, the episode underlines the importance of continuing Soviet-U.S. cooperation in monitoring nuclear devices and satellites.

Critics of the arms control negotiations have centered their fire on the vulnerability of this country's force of roughly 1,000 land-based missiles. According to their view, the Soviet Union is acquiring enough missiles with enough destructive power and enough accuracy to wipe out that whole force in a single strike.

Moscow, the theory continues, would then hold this country and its civilian population hostage. The Russians would use the threat of a second strike to extract major diplomatic concessions from Washington. Indeed, according to the theory, even the threat of being able to launch a first strike with impunity would give the Soviet Union a decisive edge in world politics.

The glaring weakness in such catastrophic scenarios is that they bury the bungle factor beneath a skyscraper of assumptions. It is assumed that the Soviet Union has the weapons, perfectly placed and targeted, that there would be almost no misses. It is assumed that the United States is taken by surprise and does not, on first warning of the attack, retaliate with its full array of missiles, including the land-based force.

### Assumptions

It is further assumed that after the land-based force is wiped out, U.S. policymakers, after doing nothing, are assumed U.S. leaders would not use the devastating force of the missiles in the 25 Poseidon submarines likely, under conservative estimates, to survive the first attack. It is also assumed that U.S. leaders would not use the large nuclear fleet equipped with nuclear weapons that have destructive power equal to about half of the Soviet total missile force. Most important of all, it is assumed that Soviet leaders would make all these assumptions—would run the truly horrendous risk entailed in a first strike with weapons that had (by definition) never been used before.

The accident in Canada injects a little realism into that preposterous scenario. The mishap in use shows that there is likely to be a bungle at every step in the chain of perfect assumptions. It reminds us that Soviet leaders—familiar with countless such difficulties—are apt to be far more wary of bungles than Americans. It shows us that the notion of a Soviet first strike comes out of the realm of science fiction.

So to be useful, the next arms control accord does not have to afford absolute protection to this country's land-based missile force. It is enough that it curtails the projects for bigger and better weapons now on the boards. And begins the scaling-down of the grossly excessive armories held by both superpowers.

The more so, because of the value of cooperation. The United States and the Soviet Union were jointly aware of the falling obsolescence of the aging Soviet satellite for almost a month before it finally came down in Canada. The exchange of information made a potentially alarming event a good deal less worrisome.

Far more detailed cooperation than that is part and parcel of the arms control agreement negotiated in 1972, and the one now being completed in the Geneva talks. Those agreements stipulate levels of weapons for both the Soviet Union and the United States.

They provide for monitoring by each country, and forbid the other to interfere with the monitoring.

An arms control treaty does not have to afford total security in the absence of nuclear war. Significant gains are made only in the present monitoring system, is maintained, and the way is opened to cut off projected weapon developments. Failure to reach an accord would yield an unconstrained arms race and the end of joint monitoring. In other words, any agreement apt to come from the present Geneva talks is far better than no agreement.

## Japan Industry Activity Drops by 0.3% in Month

TOKYO, Jan. 31 (AP-DJ)—Japan's industrial activity index for December fell 0.3 per cent from November but was up 2.7 per cent from the year-earlier month to stand at 133.1 (1970 equals 100), the Ministry of International Trade and Industry said today in a preliminary report.

## Britain Said To Still Be In Recession

LONDON, Jan. 31 (Reuters)—Britain is still in the grips of a recession although preliminary figures seem to be less bleak than at any time since the 1973 oil crisis, the Confederation of British Industry said today.

Reporting on a survey earlier this month among 2,100 major manufacturers, the employers' organization said: "There is little sign that any revival in consumer spending is yet reflected in manufacturing activity: Recession continues."

The gloomy message was contained in the CBI's quarterly industrial trends survey, which is regarded as one of the most reliable guides to the British economy. The companies it questioned employ more than 3 million workers and produce half of Britain's manufacturing exports.

The report said two out of three manufacturers were still working below capacity; output was sluggish and demand weak, and firms have been cutting down their labor force.

On the bright side, the CBI said there was a lessening in industrial pressure and investment intentions were still strong.

However, it concluded, the rise in the exchange rate for sterling was eroding the competitiveness of British industry and was unhelpful.

It said the survey underlined the need for genuine productivity and improved productivity.

"There is little sign of any significant movement out of recession by manufacturing industry," the CBI said.

**Danish Trade Deficit**  
COPENHAGEN, Jan. 31 (AP-DJ)—Denmark posted a 1,167-million kroner deficit on its balance of trade for December.

**Black & Decker**  
First Quarter 1977 1976  
Revenue 288.3 205.7  
Profits 15.4 12.6  
Per Share 0.37 0.30

**British-Mylers**  
Fourth Quarter 1977 1976  
Revenue 541.2 486.2  
Profits 47.2 42.3  
Per Share 0.74 0.66

**Dart Industries**  
Fourth Quarter 1977 1976  
Revenue 424.8 383.9  
Profits 27.8 25.3  
Per Share 1.13 1.03

**Year**  
Revenue 1,800.0 1,500.0  
Profits 109.3 101.6  
Per Share 4.46 4.14

**Year**  
Revenue 1,800.0 1,500.0  
Profits 109.3 101.6  
Per Share 4.46 4.14

**Year**  
Revenue 1,800.0 1,500.0  
Profits 109.3 101.6  
Per Share 4.46 4.14

**Year**  
Revenue 1,800.0 1,500.0  
Profits 109.3 101.6  
Per Share 4.46 4.14

**Year**  
Revenue 1,800.0 1,500.0  
Profits 109.3 101.6  
Per Share 4.46 4.14

said the manufacturers shipments index in December rose 0.4 per cent from November and 4.2 per cent from the year-earlier month to register 137.4. The November index, in a revised report, was 136.9, up 4 per cent from the previous month and up 3.5 per cent from a year earlier.

The announcement said the manufacturers' product inventory index for the month showed a slight rise of 0.3 per cent from the previous month and an increase of 2.3 per cent from December, 1976, to stand at 171.7, compared with 171.3 in November, when the index rose 0.2 per cent from October and 4.1 per cent from November, 1976.

The index of manufacturers' sales to inventories fell a small 0.1 per cent from November and 1.7 per cent from the year-earlier month to 126.0.

The index in November was 126.1, down 3.7 per cent from the previous month but up 0.6 per cent from a year earlier.

The ministry forecast in its announcement that the production index of manufacturers in January will rise by 1.6 per cent from the previous month but decline by 2 per cent in February.

Meanwhile Japan's seasonally-adjusted December unemployment rose to 1.14 million from a revised 1.12 million in November, raising the adjusted unemployment rate to 2.08 per cent of workforce from the revised 2.03 in November.

The unadjusted jobless total rose to 1.11 million from November's 1.03 million and was up from 820,000 in December, 1976.

The figures list as unemployed only active job seekers completely without work for the last week of the month.

**BAT Net Rises 24%**  
LONDON, Jan. 31 (AP-DJ)—BAT Industries Ltd., formerly British-American Tobacco, registered a 24-per-cent boost in net profit to £210 million in the year ended Sept. 30 compared with £170 million a year earlier, the company said today. Turnover rose by 10 per cent to \$212 billion.

**EEC Averts Crisis Over 'Green Pound'**  
BRUSSELS, Jan. 31 (Reuters)—Common Market farm ministers averted a serious crisis today with a compromise on Britain's demand for the devaluation of its green pound—the unit used in calculating EEC farm prices.

They accepted unanimously an immediate 5-per-cent cut in the value of Britain's green pound to 25 per cent on beef and pigmeat markets, effectively raising the prices paid to British pig and cattle farmers.

Britain had sought an immediate 7.5-per-cent devaluation covering the dairy market as well.

The compromise, announced by Danish Agriculture Minister Poul Dalsgaard, provided for the other 2.5-per-cent on beef and pigmeat and 7.5 per cent on milk when community farm prices are fixed for 1978/79, probably in April or May.

British Agriculture Minister John Gilling said he was "a little more than satisfied at the result."

Mr. Gilling originally wanted to devalue by only 5 per cent, but he was forced to go for the bigger cut when Britain's government was defeated in Parliament on the issue.

The British demand plunged the farm ministers into crisis last week when West Germany, the Netherlands and Belgium resisted it.

West German Agriculture Minister Josef Ertl drove here today from Bonn for the crucial discussion. Mr. Ertl quoted him as saying: "It was not easy for me to accept all this, but I do so in the interests of the community."

Today's decision means that three green currencies are devalued this week. The ministers agreed in December to a 2.5-per-cent devaluation of the French green franc from Feb. 1, and yesterday approved a 6-per-cent drop for Italy's green lira.

The devaluations mean that farmers in the three countries will benefit from higher support prices from the EEC, which strong-currency states like West Germany and the Benelux countries cannot offer their farmers.

The strong-currency states could only offer their farmers such advantages through the community's annual price-fixing mechanism.

**Dividend Notice**  
The Board of Directors of Republic New York Corporation has declared an increase in the quarterly dividend from 25¢ per share to 38¢ per share payable April 1, 1978 to stockholders of record March 15, 1978.

**Republic New York Corporation**  
Principal Subsidiary: Republic National Bank of New York  
Fifth Avenue at 40th Street, New York, N.Y. 10018  
New York • London • Nassau  
Member Federal Reserve System / Member Federal Deposit Insurance Corporation  
An affiliate of TRADE DEVELOPMENT BANK HOLDING S.A. Luxembourg

**Currency Rates**  
January 31, 1978  
By reading across this table of yesterday's closing inter-bank foreign exchange rates, one can find the value of the major currencies in the national currencies of each of the following financial centers. These rates do not take into account bank service charges.

**Currency Rates**  
January 31, 1978  
By reading across this table of yesterday's closing inter-bank foreign exchange rates, one can find the value of the major currencies in the national currencies of each of the following financial centers. These rates do not take into account bank service charges.

**Currency Rates**  
January 31, 1978  
By reading across this table of yesterday's closing inter-bank foreign exchange rates, one can find the value of the major currencies in the national currencies of each of the following financial centers. These rates do not take into account bank service charges.

## After Carter Attack on 'Three-Martini Lunch' Defense Builds for Business Dining

By Robert A. Rosenblatt  
WASHINGTON, Jan. 31—A skeptical House Ways and Means Committee yesterday received President Carter's tax program yesterday and the members immediately sank their rhetorical teeth into a controversial topic—the "three-martini lunch."

They worried about restaurant owners who might be forced out of business and expressed compassion for workers in eating places who might be unemployed if the present tax deduction for business dining is cut back.

Treasury Secretary Michael Blumenthal countered their concern with the cases of an individual who claimed business lunches 340 days a year, and the dental surgeon who deducted \$14,000 a year for entertaining other dentists on his yacht.

The proposal to cut the meal deduction to 50 per cent of the cost, and wipe out any tax advantages for theater and sporting tickets was most frequently mentioned as the committee began hearings on the President's plan to cut individual and corporate income taxes by \$25 billion next year.

The committee members were cordial as the Treasury secretary answered their questions about the tax package, but they made it clear that the final bill may differ considerably from the original version.

Rep. Al Ullman, D-Ore., the chairman, and several other influential members suggested that the President might not get all the tax reform provisions he wants, and will have to settle for a smaller bill.

The Carter plan calls for \$34 billion in tax cuts, coupled with \$9 billion in tax increases for a net reduction of \$25 billion.

## West German Aide Warns U.S. on Steel

NEW YORK, Jan. 31 (AP-DJ)—A West German minister warned yesterday that U.S.-European trade would be harmed if there was "an unfavorable judgment" in a case pending in a U.S. court involving a European tax on steel exported to the United States.

Otto Lambrecht, economics minister, commented on the case in a speech to the German-American Chamber of Commerce in which he warned against tendencies in some countries to erect protectionist trade barriers and also called for a cut in tariffs.

"We are following with concern the so-called VAT (value-added tax) case, which is the result of a suit brought by U.S. Steel Corp. and is currently being dealt with by the U.S. courts," he said.

"An unfavorable judgment wouldn't only paralyze European steel exports but impair all exports by members of the European community to the United States."

In such an event the European Community, whose tax relations are fully consistent with GATT (the General Agreement on Tariffs and Trade) couldn't remain idle. Dangerous tensions would ensue in mutual relations which would extend far beyond the economic sphere," he said.

A spokesman for U.S. Steel Corp., reached by telephone in Pittsburgh, explained that U.S. Steel's case was a suit against the practice of seven West European countries of collecting value-added taxes on steel imported from the United States while repaying domestic value-added taxes that their own companies had paid on whatever steel they later exported to the United States.

In another speech today Mr. Lambrecht said West Germany favors giving the Third World countries "a greater say" in fashioning a more equitable world economy but rejects their demand for a "total restructuring" of the existing international economic order.

"We are for upholding the tried and tested system we now have precisely because we believe a U-turn in international trade relations toward market restriction would hit the Third World hardest," he told the American Council on Germany.

Today's decision means that three green currencies are devalued this week. The ministers agreed in December to a 2.5-per-cent devaluation of the French green franc from Feb. 1, and yesterday approved a 6-per-cent drop for Italy's green lira.

The devaluations mean that farmers in the three countries will benefit from higher support prices from the EEC, which strong-currency states like West Germany and the Benelux countries cannot offer their farmers.

The strong-currency states could only offer their farmers such advantages through the community's annual price-fixing mechanism.

The strong-currency states could only offer their farmers such advantages through the community's annual price-fixing mechanism.

The strong-currency states could only offer their farmers such advantages through the community's annual price-fixing mechanism.

The strong-currency states could only offer their farmers such advantages through the community's annual price-fixing mechanism.

The strong-currency states could only offer their farmers such advantages through the community's annual price-fixing mechanism.

The strong-currency states could only offer their farmers such advantages through the community's annual price-fixing mechanism.

The strong-currency states could only offer their farmers such advantages through the community's annual price-fixing mechanism.

The strong-currency states could only offer their farmers such advantages through the community's annual price-fixing mechanism.

The strong-currency states could only offer their farmers such advantages through the community's annual price-fixing mechanism.

## U.S. Leading Index Rises 0.7%

WASHINGTON, Jan. 31 (AP)—The U.S. government said today its index designed to signal future economic trends increased by a substantial 0.7 per cent in December, pointing to probable strong performance of the economy in the months ahead.

The index was the final significant economic report for 1977 and it conformed with other public and private forecasts for strong economic growth at least until midyear.

It was the sixth consecutive monthly increase in the index, which attempts to assess the economic prospect for the future on the basis of the performance of the economy during the previous month. The composite index of leading indicators, as it is called, stood in December at 135.3 of the 1967 average of 100.

For the entire year, the index advanced 6.1 per cent after increasing in all but three of the 12 months of 1977. The 0.7-per-cent rise in December compared with gains of 0.1 in November and 0.8 in October.

Increases of more than 0.5 per cent are considered as pointing to a strong economic performance. The November index was revised upward from the report last month, which had showed it declining by 0.2 per cent.

Despite the signals of economic gains in early 1978, the administration is not confident about the economic outlook after mid-year, and President Carter's proposed \$25-billion tax cut is intended to insure the economy will keep expanding well into 1979.

Charles Schultz, chairman of the Council of Economic Advisors, told Congress today that without new steps to maintain economic growth beyond midyear, "expansion will slow to an unacceptable pace and our efforts to reduce unemployment will be frustrated."

Defending the administration's program before the Joint Economic Committee, Mr. Schultz said steps taken last year to stimulate the economy will carry the nation's recovery through the first half of this year. But he said that without the proposed tax cuts, growth for 1979 would be between 3.25 per cent and 3.75 per cent.

"The rate of unemployment would therefore stop declining, and it might begin rising again. We are still too far from full recovery to accept such a result, and the President's fiscal program for 1979 is designed to assure that it does not happen," he said.

**Wall St. Prices Drop Sharply After U.S. Steel Cuts Payout**  
NEW YORK, Jan. 31 (AP)—A reduction in U.S. Steel Corp.'s dividend reversed an earlier stock market advance today and sent prices lower in active trading.

The dividend cut to 40 cents a share from 55 cents, affecting about a quarter of a million shareholders, came on top of U.S. Steel's poor earnings in the fourth quarter, frustrating any hopes for a market rally, analysts said.

The Dow Jones Industrial average was down 2.52 at 769.92. It was down 2.43 at 3 p.m. Some 685 issues advanced with about 665 lower.

Volume totaled 19.67 million shares compared with 17.4 million yesterday.

The earlier market rise was attributed to a 0.7 per cent gain in the index of leading U.S. economic indicators for December, reported by the government as trading began.

U.S. Steel dropped 3 7/8 to 28 1/2 after trading resumed just seconds before the New York Stock Exchange closed. A block of 537,000 shares was traded at 28 1/8, off 3 7/8.

Among prominent losers in the blue chip and glamour categories, IBM fell 1 3/8 to 265 1/2. Bausch & Lomb 1 7/8 to 49 1/4. Teledyne 7/8 to 66 1/4. Du Pont 1 4 to 106 3/4. General Motors 3/8 to 58 3/8 and Burroughs 3/4 to 65 5/8.

Polaroid, top active, fell 1 to 15.

Polaroid, forecasting higher fourth quarter and year earnings, rose 1/4 to 24 1/2.

Stocks finished lower on the American Exchange in moderate trading. The Amex index fell 0.20 to 121.22.

**W. German Cost of Living**  
WIESBADEN, West Germany, Jan. 31 (Reuters)—The West German provisional cost of living index, base 1970, rose 0.7 per cent in January over December after rising 0.3 per cent in the previous month, the Federal Statistics Office reported.

Against the yen, the U.S. currency was fairly steady at 241.58 yen, down 12 points. Sterling rose 28 points to \$1.9496 on continued foreign buying due to "ridiculously high" yields on long-term British government bonds, one dealer said.

Against the deutsche mark, the U.S. unit slipped to 2.1075 marks, down 90 points from last yesterday. The dollar lost 82 points against the Swiss franc at 1,9780 francs.

In relation to the French franc, the dollar edged up to 4.7413 francs from 4.7372 francs. It edged against the guilder and Belgian franc.

Against the yen, the U.S. currency was fairly steady at 241.58 yen, down 12 points. Sterling rose 28 points to \$1.9496 on continued foreign buying due to "ridiculously high" yields on long-term British government bonds, one dealer said.

Against the yen, the U.S. currency was fairly steady at 241.58 yen, down 12 points. Sterling rose 28 points to \$1.9496 on continued foreign buying due to "ridiculously high" yields on long-term British government bonds, one dealer said.

Against the yen, the U.S. currency was fairly steady at 241.58 yen, down 12 points. Sterling rose 28 points to \$1.9496 on continued foreign buying due to "ridiculously high" yields on long-term British government bonds, one dealer said.

Against the yen, the U.S. currency was fairly steady at 241.58 yen, down 12 points. Sterling rose 28 points to \$1.9496 on continued foreign buying due to "ridiculously high" yields on long-term British government bonds, one dealer said.

Against the yen, the U.S. currency was fairly steady at 241.58 yen, down 12 points. Sterling rose 28 points to \$1.9496 on continued foreign buying due to "ridiculously high" yields on long-term British government bonds, one dealer said.

## The Royal Bank of Canada. Statement for the fiscal year ended October 31, 1977.

Canada's leading international bank, with over 1,600 branches, representative offices, subsidiaries and affiliates in over 40 countries throughout the world to handle your international banking requirements.

### Condensed Statement of Assets and Liabilities as at October 31, 1977

Assets	1977	1976
Cash resources	\$ 7,165,038,541	\$ 6,239,013,015
Government and other securities	3,483,063,570	3,185,296,411
Loans, including mortgages	21,819,176,461	17,825,430,346
Bank premises	413,273,134	332,448,851
Securities of and loans to corporations controlled by the bank	235,494,686	118,573,805
Customers liability under acceptances, guarantees and letters of credit	1,289,091,017	1,108,076,701
Other assets	25,196,946	22,746,378
	<b>\$34,350,334,355</b>	<b>\$28,631,585,507</b>
Liabilities		
Deposits	\$31,379,914,085	\$26,290,830,731
Acceptances, guarantees and letters of credit	1,289,091,017	1,108,076,701
Other liabilities	166,548,859	141,829,201
Debentures issued and outstanding	353,891,000	270,000,000
Accumulated appropriations for losses	306,659,889	289,946,727
Capital, rest account and undivided profits	854,229,585	730,902,147
(All figures are in Canadian dollars)	<b>\$34,350,334,355</b>	<b>\$28,631,585,507</b>



W. Earle McLaughlin, Chairman of the Board and Chief Executive Officer  
Rowland G. Frazee, President  
J. K. Finleyson, Vice-Chairman  
W. D. H. Gardner, Vice-Chairman  
A. R. Taylor, Senior Vice-President and General Manager, International

## THE ROYAL BANK OF CANADA

Executives in Europe:

R.G.P. Styles, Vice-President Europe, Middle East and Africa;  
A. de Tilly, General Manager Continental Europe;  
M.H.P. Hardinge, General Manager, U.K. and Scandinavia;  
B.M. Lammot, General Manager, Middle East and Africa.

3, Rue de la Paix, 75440 Paris Cedex 09

2 Palace Gate, London W8 5NF.

[illegible]

Effective February 1, 1978



[illegible]

**N. M. Rothschild & Sons Limited**





**SEEKS HIGH-CLASS** furnished studio for 2-3 months. 828-77-37.

